



**Kyrgyz Agro-Input Enterprise Development Project**

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**Fourteenth Quarterly Report**

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**by**

**IFDC**

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## Acronym List

AAK-JA	Association of Agro-Businessmen of Kyrgyzstan “Jer Azigy” (Food for Soil)
AED	Academy for Educational Development
AS	Agronomic Services – a support unit within KAED project
BDU	Business Development Unit
BSAID	Batken-Sughd Agro-Input Development
CAR	Central Asia Region
CGF	Credit Guarantee Fund
CIMMYT	International Maize and Wheat Improvement Center
CPP	Crop Protection Products – includes both chemical and biological
FVAI	Ferghana Valley Agribusiness Initiative
GAA	German Agro Action
GTZ	German Agency for Technical Cooperation
IFDC	An International Center for Soil Fertility and Agricultural Development
IPM	Integrated pest management
IR	Intermediate Results Indicator
KAED	Kyrgyz Agro-Input Enterprise Development Project
KAFC	Kyrgyzstan Agricultural Finance Corporation
KGS	Kyrgyz som (unit of currency)
MAWPRI	Ministry of Agriculture, Water, and Processing Industry
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MS	Media Services – a support unit within the KAED project
NUKOK	Nookat Cooperatives Union of Potato Growers
OAI	Osh Agribusiness Initiative
PSES	Private Sector Extension Services
RAS	Rural Advisory Services (Public Extension supported by WB)
SSI	Support to Seed Industry (Takis)
STC	Short Term Consultant
TACIS	Technical Assistance to Commonwealth of Independent States
TARF	Training Activity Request Funds
TES	Technical Extension Service Project (German donor sponsored)
TTC	Technology Transfer Center – a field center featuring new practices and technologies to provide training to agro-businesses
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank
WUA	Water Users’ Association

**Kyrgyz Agro-Input Enterprise Development Project**  
**Quarterly Report — January 1, 2005 through March 31, 2005**

**Introduction**

For consistency and ease of understanding, the Kyrgyz Agro-Input Enterprise Development Project (KAED) quarterly reports largely follow the format of the work plan submitted to the United States Agency for International Development (USAID) in October 2004. Progress is reported for each of the four program areas (association development, business development services, media support, and agronomic services). Monthly and weekly reports to the USAID project manager contain more extensive and detailed information on KAED activities and progress.

**Management and Operations**

During the quarter, the project focused on preparing for the upcoming production season, KAED customer surveys, and the Association's current advocacy position (voluntary seed variety registration). Hiqmet Demiri from the IFDC Headquarters served as acting COP during January 6 through February 11 while Scott Wallace was in the United States. Additional management activities during the quarter included:

- **AAK Satellite Office:** AAK has located their new satellite office in Jalalabad where a regional coordinator and the Association's Peace Corps Volunteer are working. Initial start-up activities were delayed during the quarter due to the political situation.
- **AgFin+:** The KAED project continued their collaboration with Martin West and the DAI/Winrock AgFin+ project. In support of the Tomato Initiative for 500 ha of tomato production, a tender to all international vegetable seed companies was finalized and purchase orders were sent to Bejo Zaden, Nunhems, and May Seed Group which were selected as winners. These international supplier companies are all working through AAK member representatives. A tender was distributed to AAK members for 360 mt of fertilizers in support of the AgFin+ tomato initiative. AAK members submitted their bids during the first week of February and the winners were announced in early March.

- ***JICA Cotton Project:*** The Chief of Party met with Mr. Takano from JICA to finalize the plan for a cotton demonstration farm in the Mady District of the Osh Oblast. Hiqmet Demiri, IFDC's Cotton Specialist, will provide 3 weeks of consultation (first week of March, mid-May, and mid-April). In addition, the KAED project will assist in procuring new cotton varieties from Turkey and Uzbekistan and the project's Chief Agronomist will be in charge of monitoring and supervision. TES Center will provide the training and day to day oversight for the group of selected farmers. Mr. Demiri stayed in Osh for an additional week to work with the Mady Farmer Group. A protocol was developed for JICA, TES Center, and the Mady Farmer Group.
- ***JICA 2KR Project:*** The Project's CTO informed the COP that JICA will be resurrecting the 2KR program in Kyrgyzstan. The COP sent a document for JICA outlining ways that IFDC, AAK, and the Governments of Kyrgyzstan and Japan can cooperate in this endeavor. It is critically important that this program (from design to implementation) has strong participation from the private sector.
- ***Proposed AAK Study Tour:*** A TARF has been submitted to the project's CTO to conduct a joint training program between the AAK Board of Directors and input dealers in northern Tajikistan. This program will support the IFDC Batken-Sughd Agro-Input Development (BSAID) project in developing a sister input association in Tajikistan while at the same time creating future market linkages between the two countries.
- ***Kyrgyz Government Commodity and Input Purchases:*** The COP was in communication with USAID Osh, Bishkek, and Almaty (CAR Mission) in regards to upcoming tenders organized by the Government of the Kyrgyz Republic. The increased activity by the new Kyrgyz Government in the purchase and distribution of agricultural commodities and inputs is an activity that private agribusiness companies are concerned about. The Association of Agribusinessmen of Kyrgyzstan has invited all agricultural associations, cooperatives, and relevant organizations to attend a meeting to draft a letter to the President and the new Parliament. This meeting will take place on April 4<sup>th</sup>, primarily to address the Russia-Kyrgyz agricultural input tenders. Tenders include a wheat monetization program, inputs from Russia provided on credit to the Kyrgyz Government, and the JICA 2KR (as mentioned above).
- ***New Project Start-up:*** Hiqmet Demiri from IFDC Headquarters traveled to Batken City, Kyrgyzstan and Khudjant, Tajikistan to start preparation for IFDC's new project in Batken

and Khudjant. In addition, Mr. Demiri met with input dealers with the aim of developing a closer linkage with AAK input dealers. Ray Clark, the COP for the BSAID Project, arrived in Osh on the 3<sup>rd</sup> of March and attended the FVAI meeting on the 4<sup>th</sup>.

International investors are as follows:

- **India Crop Protection Product Supplier:** TAGROS, an Indian company that exhibited at AAK's AgroExpo in December, was selected as the CPP supplier for the AgFin+ tomato initiative. TAGROS is sending a container of crop protection products and other input supplies for Kyrgyzstan. The distribution of pesticides to farmers in southern Kyrgyzstan will be handled through an AAK member who has a retail shop and provides technical services to farmer customers.
- **Turkey Cotton Institute:** Nazilli Cotton Institute in Turkey (one of the largest cotton seed production centers in the region) has made an offer to AAK's cotton seed producers to work on a royalty basis for the distribution of commercial varieties released by this institute. Initial discussions have started with several AAK members involved in cotton seed production. Initial shipments of cotton varieties have been sent for demonstration purposes.
- **Chinese Cotton Seed Company:** The Chinese company, "Anyang Science & Technology Commerce Co. Ltd.," based in Henan, Northwest China, has expressed an interest to establish a partnership with AAK in producing high quality raw cotton in Kyrgyzstan and exporting it to China. The company is willing to supply the varieties and technology, while AAK interested businesses would organize and manage the production.
- **U.S. Agricultural Importer:** The KAED project was contacted by Myron Stolfus and Adonai Trading in regards to demonstrating the production of baby beets for canning. Mr. Stolfus is planning to ship 10 to 20 containers of canned baby beets to the United States in 2006. Since the IFDC project is not working in the north, the COP has contacted the Sida Seed Support project to conduct these trials.

During the quarter the COP met with the following people and organizations:

- **Mercy Corps WUA Program:** The COP met with Seth Miller, Chief of Party for the Mercy Corps Osh program. Mercy Corps is near completion of their United States Department of Agriculture-funded Water Users' Association (WUA) and is finalizing their exit strategy.

Our discussion focused on how their WUAs can work with AAK members and the KAED project. Several ideas were agreed upon, including: holding regional meetings (in conjunction with the next round of AAK village meetings) to allow for networking opportunities between input dealers and WUA farmers. Inviting WUA groups to AAK/IFDC demonstration fields this summer; cooperating with WUA Group Leaders to target exhibitors. In addition, Mercy Corps will purchase two to three subscriptions of the AAK Agribusiness Monthly for each of their 20 WUA groups.

- ***U.S. Ambassador Talking Points:*** Per request from Cliff Brown (USAID Country Director), project staff prepared talking points for the U.S. Ambassador regarding AAK's advocacy position on voluntary seed registration. The COP has not followed up on this as the Embassy and Ambassador were busy dealing with the political situation.
- ***LMD Project Future Collaboration:*** The COP conducted a meeting (over the telephone) with Mr. Eugene Ryazanov, Team Leader for the Helvetas/ICCO Local Market Development (LMD) Project. The COP was informed that the LMD Project has contracted TES Center to purchase inputs for their program but neither KAED nor AAK has any prior information about this. A follow-up meeting will take place with Mr. Ryazanov when he returns to Kyrgyzstan in mid-April. Project staff will follow-up with TES Center to see how this program is supplying inputs to farmers.
- ***GTZ Batken Agricultural Project:*** The Chief of Party met with Torsten Swoboda who runs the GTZ Batken agricultural project to discuss future collaboration. From that meeting an invitation was provided to the GTZ Cooperative input dealers to attend AAK's 3-year anniversary in KadamJai, Batken which was held on March 18<sup>th</sup> (the event was moved from Jalalabad due to political unrest). Future collaboration will also take place between Ray Clark, Chief of Party for IFDC's BSAID Project and GTZ as the BSAID project will also be working in the Batken City region.
- ***USAID Washington, DC Visit:*** The COP met with Barbara Feinstein, USAID's Central Asia Desk Officer in Washington, DC. An overview was provided on KAED's activities in the region. In addition, Ms. Feinstein traveled to the Oshkrastex farm store where she discussed the current agricultural environment with Mr. Akhmadin Salahudinov, Assistant Director of Oshkrastex Ltd.

- **USAID FVAI Meeting:** The Chief of Party attended the USAID FVAI meeting in Osh to discuss USAID's agricultural projects in the region. Ray Clark, the new IFDC COP for the BSAID Project arrived the previous day and was also in attendance at the FVAI meeting.

During the quarter the following short-term consultants worked with the KAED project:

- **Association Development Short-Term Consultant (STC):** Ed Beaman, President of the Agribusiness Association of Iowa, arrived on the 20<sup>th</sup> of March for a 2-week short-term consultancy in association development with AAK members and project staff. Initial plans were for Mr. Beaman to work with the Pragma EDP staff during the second week. However, due to political unrest in the country, the EDP project postponed their consultant request; thus, Mr. Beaman spent the entire 2 weeks with the KAED project. Due to the unstable environment, the SOW was changed (as AAK members were unable to travel to Osh) and focus was shifted to staff training, AgroExpo planning, developing standard operating procedures, preparation on the CPP Applicator Certification Training program, and organization of other upcoming events.
- **WINROCK Farmer to Farmer Consultant:** Roger Webster, a farm store owner and member of the Iowa Agribusiness Association, arrived in Osh during the third week of January. He worked one-on-one with AAK farm store entrepreneurs on effective sale practices, management, and operations. In addition, Mr. Webster conducted training seminars with dealers on marketing and management issues for retail shops.
- **Headquarters' Support:** Tom Thompson, IFDC Senior Scientist/Sociologist, arrived into Kyrgyzstan in mid-March. Mr. Thompson worked with the Project's Agricultural Economist to analyze the KAED surveys. Mr. Thompson then traveled to Batken and Sughd Oblasts to assist the IFDC BSAID COP in developing a baseline survey and a market analysis of the animal feed sector as part of the project start-up activities. Upon arrival in Kyrgyzstan, Mr. Thompson met with the Pragma EDP-Bishkek staff and a KAMIS representative to discuss (1) market information on the livestock sector and (2) ways that KAMIS can support market information related to USAID's agricultural projects. *Pragma has expressed an interest in using IFDC's subcontract to bring in technical expertise as they have just taken KAMIS on as a client.*
- **STC on Seed Regulations:** Jim Stanelle, an IFDC consultant, completed a position paper on alternative designs to compulsory seed variety registration in the Kyrgyz Republic. This



paper will serve as a base for future AAK lobbying activities in the seed sector. Mr. Stanelle also conducted training seminars on variety registration and seed certification issues with KAED staff and AAK members.

### **Highlights of Program Achievements**

The three program components drive nearly all the proposed results indicators. Association Development is the core of the entire project. A trade association of input dealers is the mechanism that provides the framework to facilitate access to credit and deliver communications, training, and advocacy on a sustainable basis. The supporting units of Business Development, Media, and Agronomic Services provide a value-added package that accompanies membership in the trade association and supports the project's goals to increase agricultural productivity.

#### **Association Development**

Association activities for the quarter included:

- ***AAK Member and Farmer Surveys:*** During January, all staff was active in conducting surveys of AAK members and farmers in southern Kyrgyzstan for the project's annual analysis. One hundred and twenty six AAK members and 131 farmers were interviewed. The project's Dutch funded Agricultural Economist is analyzing the data and will submit the report to USAID in April.
- ***AAK Village Board Update:*** Forty AAK village boards in three oblasts were updated with the following information: (1) contact information on the farm stores, (2) notification on AAK newspaper subscription, (3) upcoming major AAK events, and (4) monthly information on AAK accomplishments—AgroExpo 2004.
- ***Proposal to Turan Jyldyz Organization:*** The Association Development Unit staff prepared a proposal in January to the Turan Jyldyz organization to receive funding in order to publish a Parliamentary Election pull-out section in the *Agribusiness Monthly* providing space for each candidate to state their agricultural platform. Because funding was not available prior to the publishing deadline, our request was cancelled.

- ***Affiliate Membership Policy:*** Given the increased interest of international supplier companies to work with AAK, the leadership of the association is encouraging these companies to join AAK as affiliate members. A membership fee of \$200 per year was approved by the AAK Board of Directors. A brochure on the affiliate member program was prepared for these international companies. This document will be sent out to all international exhibitors that attended the AgroExpo last December as well as other international companies and organizations interested in the Kyrgyzstan agro-input market.
- ***AAK Anniversary:*** On March 18<sup>th</sup>, an open door event was held in KadamJai, Batken in celebration of AAK's 3-year anniversary. The agenda of the open door day included a mini-exhibition of AAK dealers (seven member businesses displayed their products), a presentation by the KAED COP on the new IFDC project in Batken and Sughd Oblasts, a presentation of AAK by the Executive Director, and presentations by AAK Board Members on the benefits they have received from being an AAK member.
- ***AAK China Study Tour:*** The Association Development Unit has distributed the TARF study tour application forms to AAK members for the trip to Kashgar, China. The group will attend an international exposition and visit with Chinese input dealers in order to develop market linkages. The trip will take place from the 9<sup>th</sup> to the 13<sup>th</sup> of May. The interview selection process will be conducted on April 11<sup>th</sup> and 12<sup>th</sup>.
- ***Crop Protection Applicator Certification Program:*** A 3-day applicator training program took place from the 29<sup>th</sup> through the 31<sup>st</sup> of March. This is the first of five "truth-in-labeling" programs that the project will conduct. AAK has received approval from the Jalalabad and Osh Oblast Crop Protection Department that this training program will be recognized as official certification for crop applicators. After the event, a portfolio will be prepared for the Minister of Agriculture in order to get this certification program recognized nationwide. Fifteen AAK members have confirmed their participation along with 15 non-AAK members. The cost was 100 som per day for AAK members and 200 som per day for non-AAK members. Thirty-five people were in attendance (22 AAK members and 13 people including representatives from RAS, TES Center, and local farmers). The average rating by attendees averaged of 4.41 out of a maximum 5 points.
- ***AAK Crop Protection Product Round Table:*** The Association Development Unit sent off invitation letters to Crop Protection Companies inviting them to a Crop Protection Round Table on March 24<sup>th</sup> (Osh) and 25<sup>th</sup> (Jalalabad). Unfortunately, this event has been

postponed due to the “force majeure” in Kyrgyzstan. Companies expected to attend included BASF, Altai Chim Prom, Agro Plus Commerce, Albi Co., Tagros, Bayer International, and possibly a Chinese CPP Company.

**AAK Board of Directors’ Special Meeting**—A special Board of Directors’ meeting was held to discuss: the 3-year anniversary of AAK, the AAK Credit Guarantee Fund, AAK newspaper sales, and creating a new non-voting Affiliate Membership category for international companies. Below are a few highlights from the meeting:

- A subcommittee was created including one board member, two AAK members, two bank representatives, and the Chief Business Development Specialist to discuss ways to improve or modify the AAK CGF.
- AAK subscriptions were low during the first month of sales. The Board considered this normal for a new newspaper and decided to wait until the next Board Meeting before any additional action is taken.
- The Affiliate Membership category was included and dues were set at \$200 per year.

**AAK Quarterly Board of Directors’ Meeting**—On March 17<sup>th</sup> the AAK quarterly Board of Directors meeting was held in KadamJai, Batken with eight of the nine members in attendance. The following items were discussed:

- Review and approve the work plan of AAK for the third quarter of 2005.
- Presentation of the Batken and Sugd Agro-Input Development Project.
- Develop an advocacy program on the seed variety registration system.
- Discussion on a joint credit program between AAK and KAFC.
- Overview of farm store support for 2005.
- Discussion on RAS Technical Publications for AAK farm stores.

**AAK Coordinators’ Meeting**—Five AAK coordinators (Bazar-Korgan, Uzgen, Aravan, Karasu, and Nookat) out of nine attended the meeting organized by the AAK leadership. The issues included: AAK’s credit program in 2005, the credit guarantee fund, opening of new retail farm stores, and collection of membership fees. On March 30<sup>th</sup>, the Association Development Unit conducted the second AAK Coordinators meeting of the quarter where they discussed the

upcoming China Study Tour, AAK's activities through June, and collection of membership dues. Six of the nine AAK Coordinators were in attendance.

**AAK Advocacy and Seed Joint Committee**—A joint committee session was held with the AAK Advocacy and Seed Committees where a presentation was made by Jim Stanelle (an STC seed specialist) to discuss AAK's seed policy position. Twenty-eight members attended the meeting and showed their support for AAK's position paper.

**CPP Committee Meeting**—The AAK CPP committee met to discuss a CPP certification program for applicator's and a television spot focusing on the safe use of crop protection products. The Certification program will take place the last week of March.

**AAK Marketing Committee Meeting**—The Marketing Committee meeting was held on February 11<sup>th</sup>. The following topics were discussed:

- Promotion of AAK retail shops.
- Identification of training needs for retail shop managers.
- Agribusiness newspaper preparation and distribution strategy.
- AAK training program on CPP certified sprayers.

**AAK Credit Guarantee Fund Subcommittee**—On the 24<sup>th</sup> of February, a Credit Guarantee Fund (CGF) Sub-committee session was held to discuss the current AAK CGF. (A report was sent to the CTO.) One promising idea was suggested by the KAFC representative to create a one-to-one matching fund credit program between KAFC and AAK that will support AAK dealers in receiving loans with an interest rate of 12%-14%.

### **Business Development Services (BDS)**

The BDS Unit is a direct support unit for input dealers; it addresses general training, marketing assistance, and specific product introduction as well as providing credit facilitation, where possible and feasible for AAK members. During the quarter, BDS staff monitored all loans and agreements involving AAK members, developed a modified credit program for members, and prepared AAK's financial reports. All loans received are current and installments

are being paid on a regular basis. In addition, the following activities were conducted by the Business Development Unit during the quarter:

**Increase in Legal Imports of Fertilizer**—Legal fertilizer imports into southern Kyrgyzstan increased by over 4,000% since project start-up. Estimated contraband fertilizer in the region has decreased from 90% to 40% in the same time period.

**Fertilizer Imported to Southern Oblasts, tons**

Oblasts	Years			2004
	2001	2002	2003	
Osh	0.3	3,056.6	8,851.5	28,731.5
Jalal-Abad	21.8	2,027.4	2,359.6	5,484.5
Batken	727.2	1,867.9	364.6	269.2
<b>Total</b>	<b>749.3</b>	<b>6,951.9</b>	<b>11,575.7</b>	<b>34,485.2</b>
% Compared to 2001	N/A	927.8	1,544.9	4 602.3

**Fertilizer Imported to Southern Oblasts, in U.S. Dollars**

Oblasts	Years			2004
	2001	2002	2003	
Osh	18	245,370	653,016	2,845,047
Jalal-Abad	3 329	153,030	190,894	553,834
Batken	44 313	116,392	19,977	29,380
<b>Total</b>	<b>47 660</b>	<b>514,792</b>	<b>863,887</b>	<b>3,428,262</b>
% Compare to the previous year	N/A	1,080	168	397

**AAK Financial Report**—The Business Development Unit finalized the annual financial report for AAK and sent it to the Social Fund and Tax Offices in Osh. The Association deposits as of January 1, 2004 amount to 2,101,031 Kyrgyz Soms or \$51,244 using the current exchange rate of 41 KGS/USD.

**AAK Financial Audit**—A tax inspection officer visited the AAK Business Development Officer several times during the March to audit AAK's accounts. The Auditor attempted to charge a 20% tax on all AAK's revenue as it is not being used as current expenditures. A letter was submitted explaining that the funds are grant funds from IFDC and USAID that are currently being held in reserve to be used as start-up expenditures once the KAED project is completed (September 30, 2006). As of the end of March there has been no response. The COP will keep USAID updated on this audit as more information arises.

**AAK Revolving Credit Fund**—KAFC has responded to the AAK proposal to create a revolving credit fund and both sides have agreed to begin this program at the beginning of next quarter. AAK will deposit 800,000 som and KAFC will deposit 400,000 som initially (with an additional 400,000 som in August to make a one-to-one matching fund). KAFC has loaned out all of their funds for the current production year, thus this will allow KAFC to create additional lending programs for AAK members in 2005. AAK will receive 5% interest on unused funds and AAK members will be charged an interest rate of 14%.

**Preparation of Tender Documents**—KAED worked closely with AgFin+ and TES center in the Tomato Initiative fertilizer tender. Tender documents were prepared in January for the supply and delivery of 170 mt of ammonium nitrate (AN), 120 mt of potassium sulfate, and 70 mt of monoammonium phosphate (MAP) for the Tomato Initiative program. The tender was sent to AAK members during the last week of January. Bids were received for AN and MAP (the amount tendered for potassium sulfate was not enough quantity for AAK members to make a shipment). A winner was awarded the AN contract but the MAP was disregarded with TES Center purchasing directly from Bishkek. A 300 Kyrgyz Som fee for services was paid to AAK by each member who submitted a bid.

**GTZ Osh Tender**—At the request of GTZ Osh, a tender for supplying 50 mt of ammonium nitrate was sent to AAK members. Bids from AAK members have been collected by KAED staff; however, the GTZ project has decided not to finalize this tender.

**Standard Operating Procedures**—The Business Development Unit and the Association Development Unit developed Standard Operating Procedures for conducting tenders and for developing a timeline for input delivery under the AgFin+ Tomato Initiative. These procedures have been developed to ensure that the information flow amongst all participants runs smoothly.

**RAS Livestock Support**—The KAED General Manager met with Amton van Engelen, a consultant of the RAS Livestock Sector Study project, which is supported by the World Bank. The discussion focused on ways that KAED and AAK can cooperate on animal feed and

veterinary supplies. AAK has developed the capacities to provide assistance to the above mentioned areas.

**AAK Booth Rental**—The ACIDI VOCA project rented eight AAK expo booths for their micro-credit expositions which were held in Osh and Jalalabad. This was the first booth rental since the association started providing this service (the booths were made locally for the AAK AgroExpo). AAK charged \$31 per booth which also included transportation and booth setup.

**Farm Store Support**—The Business Development and Agronomist Units held an open-house day for farm store owners at the Osh Oblast Soil and Biological Laboratory. Fourteen AAK members were in attendance where they learned about the labs services (fertilizer and soil analysis and biological control methods for insects). In order to provide additional support to AAK members who have opened up farm stores in the south, a one-on-one training program will be held on-site at the various farm stores throughout the year. The following is the program schedule for the next six months:

Month	Consultancy Topics
April	Herbicides for wheat. Top dressing with nitrogen fertilizers on winter crops. Basal application of ammophos. Planting corn and cotton seeds. Using CPPs on orchards. Planting cucumbers and melons.
May	Colorado beetle control in potato. Control of aphids and armored scales. Herbicide use in onion fields.
June	Management of pests and diseases in vegetables, potato, and cotton.
July	Planting seedling of late cabbage, cucumber, carrot, and corn; use of CPPs in orchards.
August	Stocking seed treatment chemicals for winter crops.
September	Preparation and planting winter crops and defoliation of cotton fields.

**Seed Importation**—The Business Development Unit has been working with May Seed Group (Turkey) to import maize, sunflower, and cotton seeds for demonstration purposes. The sunflower and maize have successfully been cleared from customs and the cotton seeds are in transit to Kyrgyzstan.

**Drip Irrigation**—Ein Tal Drip Irrigation Company (Israel) has shipped sets of drip irrigation equipment to Kyrgyzstan as part of their payment for the AgroExpo exhibition last December. The drip irrigation sets will be provided to interested AAK members on Credit and will also be used in the project's demonstration plots.

**AAK Finances—Funds Received January through March 2005**

<b>№</b>	<b>Type of Revenue</b>	<b>January 2005</b>	<b>February 2005</b>	<b>March 2005</b>	<b>Total in II Quarter</b>
1.	AAK Entrance fee	300.00	500.00	600.00	1,400.00
2.	AAK Membership fees	13,100.00	13,200.00	16,800.00	43,100.00
3.	<i>Agribusiness</i> newspaper	2,140.00	5,606.00	3,649.00	11,395.00
4.	Advertisements	1,722.39	12,826.50	856.00	15,404.89
5.	Seminar participation fee	-	-	8,400.00	8,400.00
6.	Booth rental	-	-	15,775.00	15,775.00
7.	Brochures sales	-	-	652.00	652.00
8.	AgroExpo 2004 tickets	3,900.00	-	700.00	4,600.00
9.	Copying service	-	29.00	10.00	39.00
10.	T-shirt sales	-	-	399.00	399.00
11.	AAK logo usage	-	1,000.00	-	1,000.00
12.	Dividends from deposits	-	-	7,642.84	7,642.84
	<b>Total</b>	<b>21,162.39</b>	<b>33,161.50</b>	<b>55,483.84</b>	<b>109,807.73 (\$2,678.00)</b>

**Agronomic Services (AS)**

The AS unit is a direct support unit for input dealers and an indirect support unit for AAK's farmer customers. Field demonstrations, publications, and training programs provide knowledge of "best management practices" through Private Sector Extension Services (PSES) and will improve AAK entrepreneurs' understanding of the value-added benefits of information and technology.

**TTC Reports and Educational Information**—In January, the Agronomic Unit completed all technical reports of field demonstration programs for 2004. The demonstration results were presented during AAK village meetings. In addition, the Agronomy Unit has prepared leaflets on the major achievements of the demonstration programs for 2004. These publication materials are available in both Russian and Kyrgyz languages.



**Demonstration Fields**—The Agronomic Unit visited and worked on winter wheat demonstration fields during January. The field demonstration locations for all three oblasts have been selected in close cooperation with AAK members where association member products and services are promoted and exposed to the farming community. Fertilizer topdressings on demonstration plots were conducted and hotbeds were prepared for vegetable seedlings. Follow-up visits were made to the farms to provide agronomic advice. By the end of March, only cabbage seedlings were ready for planting.

**Seed Purchases for Demonstration**—The Agronomic Unit has reached agreements with a number of international seed suppliers on providing seeds of major field crops and vegetables for the joint spring demonstration program of KAED/AAK. Thirty-three vegetable varieties so far have been received from international companies for this season's demonstration fields. Additional seeds are expected from three Dutch companies and one Israeli company. Among the companies and research centers that have made commitments to supply seed were: Primavera Ltd. (maize–Moldova), CIMMYT (maize–Kazakhstan and Yugoslavia), Nunhems (vegetables–Netherlands), May Seed Group (maize, cotton, vegetables–Turkey), and Bejo (vegetables–Netherlands), Pioneer (maize–United States and Europe). The maize demonstration program this year will include both early and medium-term maturity hybrids as well as some popcorn hybrids.

**Potato Seed Purchases**—Four varieties of potatoes were purchased from the NUKOK cooperative including *Draga and Sante* (1<sup>st</sup> generation), *Latona* (2<sup>nd</sup> generation), and *Remarka* (3<sup>rd</sup> generation). Three potato varieties were also purchased from German AgroAction. Negotiations are on-going with Europlant (Germany) in supplying high quality potato seed for demonstration purposes.

**Seed Marketing Program**—The project's Chief Agronomist attended a 2-day seminar in Bishkek on seed marketing hosted by the Sida Seed Support Project, the Seed Association of Kyrgyzstan, and the Ministry of Agriculture. Discussion focused on ways to improve the country's seed production sector. Sida has agreed to provide a similar seminar on marketing during AAK's seed committee meeting in April.

**Soybean Introduction to Southern Kyrgyzstan**—Jeff Embry, a Farmer to Farmer soybean producer worked with AAK members in Osh during the 9<sup>th</sup> and 10<sup>th</sup> of March. On the first day, Mr. Embry and project staff visited Rosagrobusiness, an oil processing plant (sunflower and cotton), and then visited the Hasyl seed farm in the Karasuu region. Soybeans are currently not in production in southern Kyrgyzstan; however, this year, the KAED Project will be demonstrating soybeans for the first time in southern Kyrgyzstan and expect to see great potential for this crop in the region (soybeans are an ideal rotation crop for cotton). On day two, Mr. Embry gave a presentation to AAK members on soybean production. We received notification only 1 week in advance that Mr. Embry would be available to work with AAK; nevertheless, 13 members attended this program which was highly received.

### **Media Support (MS)**

The Media Support Unit is a direct support unit for AAK and an indirect support unit for AAK's member businesses. This unit handles all communication support activities for both the KAED project and AAK on tasks such as public relations, media support, press releases, and newsletter/newspaper development.

The *Agribusiness Monthly* Newspaper's third, fourth, and fifth issues were published and distributed to farm stores (where existing) and shops in rural areas for sale. Each issue has a sales price of 5 com (4 com goes to AAK to cover costs and 1 com is kept by the seller). A part-time newspaper specialist was hired to assist in developing a distribution and collection program and to develop the subscription base. The March edition was delayed because Freedom House's power was cut off for several days.

**Agribusiness Monthly Subscriptions**—AgFin+ has agreed to provide a one-year subscription for farmers participating in the Tomato Initiative (350 farmers in Osh Oblast and 300 farmers in Jalalabad Oblast). In return, KAED and TES Center will cooperate on developing articles that support the farmer training program. Newspaper sales are steadily increasing in the regions along with subscriptions from other donor programs for their farmer customers (AgFin+, WUASP, TES Center, ACDI VOCA, and Mercy Corps).

**Television Spots**—Television spots have been developed in promotion of AAK Farm Stores and promoting crop protection safety. These spots have aired on local television stations in southern Kyrgyzstan.

**AAK Brochure Development**—RAS and IFDC have agreed to investigate the possibility of co-publishing educational brochures on agricultural topics. All brochures co-developed between the two organizations will have the RAS and AAK logos on the front cover. This will be a major advantage for AAK to promote the association in northern Kyrgyzstan. A brochure has been developed outlining the benefits of AAK's new Affiliate Membership (for international companies). In addition, a PDF flier was also prepared highlighting discount prices for advertising in *Agribusiness Monthly*. The Agronomy Unit also prepared two booklets on tomato and cucumber pest management.

The Business Development Unit contacted AAK dealers to find out the inventory of available seeds, fertilizer, and crop protection products. A list of these goods will be published in the April edition of *Agribusiness Monthly*.

### **Cooperation and Leveraged Support**

KAED continued to develop, support, and build relationships with other donor programs and international companies operating in the region. Examples of this include:

- KAED and the SIDA Seed Support Project are cooperating in bringing in high-quality seed for testing and demonstration purposes. In addition, the Sida project will be demonstrating baby beets for potential export to the United States.
- The KAED Project is working with the USAID-funded AgFin+ Project and the TES Center in supporting a tomato growing initiative for southern Kyrgyzstan.
- The Project is working with JICA to support cotton demonstration farms in the Osh and Jalalabat Oblasts.
- AAK and the KAED project are collaborating with the Ministry of Agriculture and the Seed Association of Kyrgyzstan to modify and improve the existing seed legislation.

## **Activities Planned for Next Quarter**

### **Association Development**

- Staff preparation for AgroExpo 2005.
- Continue the regular cycle of board, committee, and village-level meetings.
- Develop media campaign and image building activities for Jalalabad Oblast.
- Research and update the policy matrix addressing new advocacy issues.
- Present Seed Policy Proposal to Government and Private Sector Officials (carried over from previous quarter due to political situation).

### **Business Development**

- Staff preparation for AgroExpo 2005.
- Collect fees for services provided to AAK members.
- Monitor loan repayments under the Credit Guarantee Fund and develop the new Revolving Loan program with KAFC.
- Assist AAK members who are opening retail shops in product diversity and inventory management.
- Track market prices.

### **Agronomic Services**

- Staff preparation for AgroExpo 2005.
- Prepare TTCs and organize field days.
- Provide one-on-one consultation with AAK farm stores.
- Prepare agronomic posters for AAK farm stores.
- Develop articles and brochures related to topical agronomic conditions.

### KAED Activities by Quarter (January – March 2005)

Year Four Work Plan Objectives	Activities in Support of Objectives and Achievements – 14 <sup>th</sup> Quarter
<b>I. Association Development</b>	
KAED Staff Development and training in Association Development.	<ul style="list-style-type: none"> <li>In March, STC Ed Beaman provided training on association development and AgroExpo preparation for 2005.</li> </ul>
Identify sources of dues and non-dues revenue and match to expenses of core programs.	<ul style="list-style-type: none"> <li>An affiliate membership category was developed for AAK with yearly dues set at \$200.</li> </ul>
Increase membership base and ensure membership dues are collected.	<ul style="list-style-type: none"> <li>12 new members joined the association during the quarter.</li> </ul>
Revenue generation will equal \$5,000 in year one and two.	<ul style="list-style-type: none"> <li>AAK fees and dues received for the quarter = \$2,678.00.</li> </ul>
A round table or other advocacy forum will be delivered on a national basis.	<ul style="list-style-type: none"> <li>This event was cancelled due to the political situation and has been re-scheduled for next quarter.</li> </ul>
A position paper recommending improved policies will be prepared during the year.	<ul style="list-style-type: none"> <li>A position paper has been prepared and will be submitted to parliament next quarter.</li> </ul>
<b>II. Business Development</b>	
Stimulate new investments by AAK members.	<ul style="list-style-type: none"> <li>AAK member developed a new relationship with a CPP supplier (Tagros-India)</li> </ul>
Monitor market availability and prices.	<ul style="list-style-type: none"> <li>Information provided on a monthly basis on price and market information in the <i>Agribusiness Monthly</i> Newspaper.</li> </ul>
Increase the legal sales of CPP, seed, and fertilizer products.	<ul style="list-style-type: none"> <li>Legal fertilizer imports in southern Kyrgyzstan increased from 11,575 tons in 2003 to 34,485 tons in 2004.</li> </ul>
Assist clients in making credit applications.	<ul style="list-style-type: none"> <li>\$6,585 worth of loans were provided during the quarter</li> </ul>
Contact international suppliers about setting up distributors.	<ul style="list-style-type: none"> <li>May Seed Group (Turkey), Pioneer (US), and Seed-imex (Hungary) were contacted during the quarter. All have agreed to provide seed for demonstration purposes;</li> </ul>
Develop sub-sector trade missions	<ul style="list-style-type: none"> <li>Trade missions for CIMMYT-Kazakhstan, China, and Uzbekistan have been arranged.</li> </ul>
<b>III. Agronomic Services</b>	
Selection of locations for at least three spring planted TTCs.	<ul style="list-style-type: none"> <li>Six fields have been selected for spring planting.</li> </ul>
Conduct winter seminars for AAK members..	<ul style="list-style-type: none"> <li>An open-day at the local soil toxicology lab was prepared – 14 members attended.</li> <li>A seminar on soy production was conducted – 13 members attended.</li> <li>A 3-day certification program was held – 35 people in attendance.</li> </ul>
Maintain a library of technical publications.	<ul style="list-style-type: none"> <li>A set of RAS publications were ordered for the library. In addition, additional sets were ordered for each AAK farm store.</li> </ul>
Design new publications as needed.	<ul style="list-style-type: none"> <li>Two new agronomic brochures were developed during the quarter.</li> </ul>

**Appendix**

**Report**

**on**

**Cost Sharing and Leverages of KAED -Kyrgyzstan**

**Inception through March 2005**

**Report Prepared By:**

**IFDC/Kyrgyz Agro-Input Enterprise Development Project**

**Funded by**

**USAID Agreement No.: 116 -G -00-01-00034-00**

Note: The background information on computation of cost sharing has been included in prior quarterly and year-end reports. Henceforth, only the summary table will be included. Please contact the IFDC KAED project if there is any need to have this documentation. Cost share requirement totals \$684,000 by September 30, 2006.

**Cost Sharing Table Value of Cost Sharing in US \$ 2002**

No	Activity	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	Association meetings/member visits	2,086	1,372	854	1,168	2,790	1,228	1092	10,407	5,010	1,381	272	1,212
2	Field days/advisory meetings					111	575	430	270	81	220	100	
3	Trade missions/study tours			400			900						
4	Seminar attendance/business counseling					100	380		400		329	6,272	270
5	Tenders, Trade Credit or Consignment												10,086
6	Media coverage		135		235		400		200		870	195	110
7	Credit obtained										2,174	2,118	3,260
8	Internships	750	1500	1500	1500	1500	750			7,000*	7,000	7,000	7,000
9	Grant obtained												
10	Domestic investment by entrepreneurs							235	251	1,804			467
11	Membership registration dues and fees for services			10	56	91	39	54	60	0	585	196	192
	<b>Total US \$</b>	<b>2,836</b>	<b>3,007</b>	<b>2,764</b>	<b>2,959</b>	<b>4,592</b>	<b>5,022</b>	<b>1,811</b>	<b>11,588</b>	<b>13,895</b>	<b>12,559</b>	<b>16,153</b>	<b>22,597</b>
	<b>Grand Total US \$</b>	<b>2,836</b>	<b>5,843</b>	<b>8,607</b>	<b>11,566</b>	<b>16,158</b>	<b>20,430</b>	<b>22,241</b>	<b>33,829</b>	<b>47,724</b>	<b>60,283</b>	<b>76,436</b>	<b>99,033</b>

\*Intern funded by Government of Netherlands, Mr. Dilshod Abdulhamidov.

**Cost Sharing Table Value of Cost Sharing in US \$ 2003**

No	Activity 2003	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	Association meetings/ member visits	3,359	1,500	96	1,449	2,487	115	320	5,961	885	1,602	507	594
2	Field days/advisory meetings					412	376	820		100		138	
3	Trade missions/study tours	18		1,006	2,520	8,000	6,050		36,000				
4	Seminar attendance/ business counseling			2,636			1,836	178	432	672		3147	515
5	Tenders, Trade Credit or Consignment												
6	Media coverage	250	1,250	1,070	3,750	1,517	433	1190	135	950			
7	Credit obtained	6,000	8,000	14,000									
8	Internships	7,000*	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
9	Grant obtained						4,000*						
10	Domestic investment by entrepreneurs											100	
11	Membership registration dues and fees for services	611	584	160	182	645	353	424	709	76	175	197	44
	<b>Total US \$</b>	<b>17,238</b>	<b>18,334</b>	<b>25,968</b>	<b>14,901</b>	<b>20,061</b>	<b>20,163</b>	<b>10,252</b>	<b>50,237</b>	<b>9,683</b>	<b>8,777</b>	<b>11,089</b>	<b>8,153</b>
	<b>Grand Total US \$</b>	<b>116,271</b>	<b>134,605</b>	<b>160,573</b>	<b>175,474</b>	<b>195,535</b>	<b>215,698</b>	<b>221,950</b>	<b>272,187</b>	<b>281,870</b>	<b>290,647</b>	<b>301,736</b>	<b>313,889</b>

\*TEMPUS grant.



**Cost Sharing Table Value of Cost Sharing in US \$ 2004**

No	Activity	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	Association meetings/member visits	3,505	2,559	1,175	319	1,689	1,299	1,966	8,764	4,975	844	540	2,790
2	Field days/advisory meetings			235		63	725	594	408	136			
3	Trade missions/study tours			2,700			70	900	900	1,000			
4	Seminar attendance/business counseling			14	7,344		672	189					23,400
5	Tenders, Trade Credit or Consignment												
6	Media coverage	730	180	45	390	845	345	240	370			1,794	475
7	Credit obtained			12,940		1,200	11,820		2,365	1,182			
8	Internships	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,375*	7,375*	8,875**
9	Grant obtained						4,000					9,050	6,200
10	Domestic investment by entrepreneurs												
11	Membership registration dues and fees for services	694	717	554	223	212	350	902	34	1,000	1,127	6,683	3,319
	<b>Total US \$</b>	<b>11,929</b>	<b>10,456</b>	<b>24,663</b>	<b>15,276</b>	<b>11,009</b>	<b>26,281</b>	<b>11,791</b>	<b>19,841</b>	<b>15,293</b>	<b>9,346</b>	<b>25,442</b>	<b>45,509</b>
	<b>Grand Total US \$</b>	<b>321,818</b>	<b>332,274</b>	<b>356,937</b>	<b>371,673</b>	<b>382,682</b>	<b>408,963</b>	<b>420,754</b>	<b>440,595</b>	<b>455,888</b>	<b>465,234</b>	<b>490,677</b>	<b>535,736</b>

\* = The media and public relations department has a U.S. Peace Corps Volunteer working on newspaper development on a part time basis (25% x \$1,500/month).

\*\* = AAK has a full-time Peace Corps Volunteer working as a Small Enterprise Development officer (100% x \$1,500/month).

**Cost Sharing Table Value of Cost Sharing in US \$ 2005**

No	Activity	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	Association meetings/member visits	1,146	1,084	687									
2	Field days/advisory meetings												
3	Trade missions/study tours												
4	Seminar attendance/business counseling	327	579	2,812									
5	Tenders, Trade Credit or Consignment												
6	Media coverage		560	1,145									
7	Credit obtained												
8	Internships	8,875	8,875	5,375*									
9	Grant obtained												
10	Domestic investment by entrepreneurs												
11	Membership registration dues and fees for services	523	818	1,300									
	<b>Total US \$</b>	<b>10,871</b>	<b>11,916</b>	<b>11,319</b>									
	<b>Grand Total US \$</b>	<b>546,607</b>	<b>558,523</b>	<b>569,842</b>									

\*= The Intern funded by the Government of the Netherlands (Mr. Dilshod Abdulhamidov) spent half of the month working with the IFDC BSAID Project in Tajikistan.